

ASIAN DEVELOPMENT BANK

COUNTRY STRATEGY AND PROGRAM UPDATE (2004-2006)

TUVALU

July 2003

CURRENCY EQUIVALENTS

(as of 24 June 2003)

Currency Unit	–	Australian dollar (A\$)
A\$1.00	=	US\$0.6637
US\$1.00	=	A\$1.5067

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
ADTA	–	advisory technical assistance
AusAID	–	Australian Agency for International Development
CIA	–	Central Intelligence Agency
CIF	–	Consolidated Investment Fund
EFL	–	Education for Life
EU	–	European Union
FTF	–	Falekaupule Trust Fund
GDP	–	gross domestic product
HDI	–	Human Development Index
HPI	–	Human Poverty Index
IDP	–	Island Development Program
MFPEI	–	Ministry of Finance, Economic Planning, and Industries
NDS	–	National Development Strategy
NSDS	–	National Sustainable Development Strategy
NZAID	–	New Zealand Agency for International Development
PDMC	–	Pacific developing member country
PPTA	–	project preparatory technical assistance
RETA	–	regional technical assistance
SOE	–	state-owned enterprise
SPREP	–	South Pacific Regional Environment Programme
TA	–	technical assistance
TMTI	–	Tuvalu Maritime Training Institute
TTF	–	Tuvalu Trust Fund
UNICEF	–	United Nations Children's Fund
UNDP	–	United Nations Development Programme
WHO	–	World Health Organization

NOTE

The fiscal year (FY) of the Government of Tuvalu and its agencies ends on 31 December. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2003 ends on 31 December 2003.

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I. COUNTRY STRATEGY

1. Tuvalu's overall development goal is to achieve the highest possible living standards within the constraint of its limited natural resources. The *National Development Strategy*¹ (NDS) for 1995–1998 still serves as the Government's basic strategy document, pending the formulation of a new strategy for 2004–2007, the National Sustainable Development Strategy (NSDS). The new Government plans to hold a National Summit in July 2003 to develop the NSDS.

2. There are five priority programs in the current NDS—(i) public sector reforms; (ii) improvement of economic infrastructure; (iii) Education for Life aimed at raising standards of education and training; (iv) encouragement of export-oriented business investment (while encouraging overseas employment); and (v) upgrading of human settlements. Of these five, the new Government reiterated the first four areas in the State of the Nation Address in February 2003. Emphasis on greater self-reliance for the outer islands and reduction of poverty were also included as government priorities.

3. The Asian Development Bank (ADB) strategy for Tuvalu was formulated in accordance with *A Pacific Strategy for the New Millennium*.² It supports, and is consistent with, the principal objectives of the NDS and the Government's development priorities to promote higher living standards and greater equality of income of Tuvaluans. Tuvalu is a very small country with a high degree of vulnerability to external economic and environmental events, a weak resource base, and limited internal economic opportunities. ADB's overall strategy for Tuvalu is to (i) foster good governance and improve economic and financial management in the public sector through building capacity for public financial management and enhancing transparency and accountability within ministries and state-owned enterprises (SOEs); and (ii) promote human and social development through skills development and improving essential services, particularly for education, health, water supply and waste management. A summary statement of the country strategy is in Appendix 1.

II. CURRENT DEVELOPMENT TRENDS AND ISSUES

A. Recent Political and Social Developments

1. Political Developments

4. The Government which came to power in mid-2002 announced that it would continue to focus on human resource development, economic infrastructure, financial management, public sector reform, private sector development, and support for the outer islands. The Government, however, possesses only a slim majority in Parliament and faces the constant threat of losing political control.

2. Social Developments

5. With a Human Poverty Index (HPI) of 7.3, Tuvalu ranks as the third least poor among the Pacific developing member countries (PDMCs). Its Human Development Index (HDI) of 0.583 is midrange by PDMC standards. The HDI and HPI scores reflect access to basic subsistence resources, relatively rapid economic growth, and increased public expenditure on

¹ Government of Tuvalu. 1995. *Kakeega o Tuvalu*. National Development Strategy, 1995–1998.

² ADB. 2000. Manila.

health and education. Despite this increase in expenditure, the pass rate in the Fiji junior secondary examination (the benchmark test) fell from 61% in 1991 to just 13% in 2001, thus prompting the establishment of a board of inquiry to examine the cause of the poor performance and to review progress in the Education for Life program. The cause of the poor performance was attributed to a number of factors, including a low financial base to deliver services, deteriorating infrastructure, a fragmented curriculum, overemphasis on higher education at the expense of primary education and a weakening of management skills and leadership in the education sector. The findings and proposed actions were reported in the National Education Forum held in August 2002 and the donor round table meeting on education in October 2002. The meeting presented actions to address the educational concerns and the external agencies involved have agreed to look at areas such as curriculum, human resource planning, early childhood education, vocational education, and infrastructure development. It appears that the education sector would benefit from the development of a program approach to the sector to allow better coordination of education assistance.

6. Preliminary results of the November 2002 Census indicate a residential population of 9,119. This represents an annual rate of population growth since the last census in 1991 of less than 0.1% per annum. Anecdotal evidence suggests this is the result of increased migration to Australia, Fiji Islands, and New Zealand, rather than a fall in the natural growth rate. While the population of the nation as a whole has been largely stagnant, the population of the island of Funafuti, the capital city, has grown from 42.5% of the national population in 1991 to 49.3% in 2002, due to continued depopulation of the outer islands. While 100% of Tuvalu's population has access to water, most water still needs to be boiled before consumption. Access to sanitation is also 100%. But some of the sanitation facilities are reported to be of poor construction and could contaminate water supplies, particularly on the outer islands.

3. Environmental Developments

7. Tuvalu has been rated as one of the countries most vulnerable to climate change and rising sea levels. Furthermore, the coastal environment is fragile and deteriorating, particularly on Funafuti which is facing solid waste and land management problems. The problems mostly relate to congested conditions on Funafuti, resulting from the combination of increasing population, poorly planned land use, and overtaxed water, sewage, and waste disposal systems. Water shortages, lagoon pollution and sanitation problems will soon become even more prominent if migration to Funafuti continues at the current rate. In response to these concerns, the Government increased the number of staff in the Environment Unit within the Ministry of Natural Resources, Environment, and Energy. A 3-year waste management project funded by the Australian Agency for International Development (AusAID) was completed in June 2002. While the project made good progress, consolidation and extension of such progress are needed. Committed staff are addressing waste management issues, but further technical assistance is needed to build capacity, strengthen institutions, and combine water, sanitation, and waste policies into a comprehensive planning and management program. The European Union (EU) has expressed interest in expanding the waste management project to the outer islands.

4. Governance

8. The civil service has been subject to considerable disruption and uncertainty in recent years. Changes in government during 1997-2002 have led to frequent changes of ministers and movement of senior officials, with unfavorable consequences for the effectiveness of policy formulation and implementation. Analysis of fiscal developments is hampered by the absence of

reliable data. Although performance-oriented output budgeting was introduced in 1995, reports consistent with effective output budgeting are yet to be prepared. There have also been long delays in ensuring that budget reports comply with legislated report requirements. Audited government financial statements for 1997–1999 were prepared by a private auditing firm on behalf of the Auditor General and only submitted to Parliament in November 2002.

9. The budget is formulated in a single-year framework, which leads to a number of adverse economic efficiency effects. The 2003 budget proposed a shift to a multiyear budget framework and improvements in the budget process. Serious consideration needs to be given to the shape of a more meaningful, usable, and effective budget framework, mindful that the framework should match institutional capability.

10. The biggest challenges in public sector management are (i) preparation of a new NSDS to guide public sector project identification, annual budget preparation, and aid coordination; (ii) improvement in basic financial management information, accounting, and reporting systems; (iii) raising the standards of management, accountability, and efficiency in the SOEs; and (iv) engagement and retention of qualified and committed personnel.

B. Economic Assessment and Outlook

11. Real gross domestic product (GDP) grew at an estimated compounded average annual rate of 4.8% from 1989 to 2002. In 2002, economic growth decelerated to about 2%, following growth of around 4% in 2001. Growth in 2003 is projected to remain at about 2%. The slowdown in 2002 came in the wake of severely reduced government spending. Receiving little stimulus from the state sector, the country's production base suffered in many sectors. The construction and retail sectors recorded marginal growth in 2002, with the primary sector faring slightly better.

12. Revised government expenditures in 2002 were less than half of the original estimate, as a result of lower special development spending, capital expenditures, and transfers. Special development and maintenance expenditures were about 65% and 50%, respectively, of the original estimate. Consequently, the fiscal contraction resulted in reduced spending on infrastructure and on health and education services.

13. The continuously high license fees for fishing for several years in a row and windfall revenues from the DotTV agreements in 2000 raised public expectations for increased government investments. Big spending continued in 2001, but the expected further windfall gain for that year did not materialize, giving rise to the country's first overall deficit (equal to 42.8% of GDP). A substantial one-off boost to revenues came in 2002 as a result of the sale of the DotTV Corporation for A\$20 million, but spending was curtailed in an effort to prevent a replication of the deficit of the preceding year. The combination of expanded revenues and a significant reduction in overall government expenditures led to a very large budget surplus of around 85% of GDP.

14. The 2003 budget proposed stronger control of public financial management through reduction in overall expenditures, tighter control of special development expenditures, and improvement in financial accountability and operational performance of SOEs. These reforms have been needed to cope with the substantial declines in revenues from the Tuvalu Trust Fund (TTF) combined with the volatility in fishing license and DotTV revenues. These revenues together fund a large proportion of Government expenditures. This has resulted in a decrease in

the total budget from US\$31.4 million in 2002 to US\$25.3 million in 2003, mainly due to decreases in special development expenditures.

15. Remittances from seafarers, official transfers, and investment income from the TTF assets also contribute substantially to foreign exchange earnings. With weakness in world equity markets, the market value of the TTF on 30 September 2002 was 10% less than the maintained value. Consequently, there was no distribution of earnings in 2002, and none is expected in 2003 and 2004. In addition, the Consolidated Investment Fund (CIF)—a buffer account that takes government surpluses and is normally used to finance deficits—was drawn down to about half of the minimum target level to finance government development projects. This led to the Government exceeding the ceiling on core expenditure for 3 years in a row and the creation of accountability and management problems associated with the budget, including improper use of advances. The Government's cash position will need careful management if it is to help ensure macroeconomic stability in the near term.

16. Like budget reform, public enterprise reform has been underway since the mid-1990s. However, there is still a need to develop an effective governance framework to improve financial accountability and operational performance. For example, there has been a failure to comply with legislation that requires timely annual reports and financial accounts. The links between the Government and the SOEs have the potential to impact on the Government's financial position unless these issues are addressed. The 2003 budget announced that no operating subsidies would be paid to SOEs until operating agreements have been signed with the Government, and technical assistance (TA) will seek to develop improved corporate governance arrangements. The improvement of the operational efficiency of SOEs, such as the Tuvalu Electricity Corporation, Tuvalu Maritime Training Institute (TMTI), Tuvalu Telecommunications Corporation, and the interisland shipping service (which was the subject of an unsuccessful corporatization), will help underpin private sector development.

C. Implications for Country Strategy and Program

17. With the poor performance of major revenue sources in recent years, the Government's reserves in its CIF are reaching critically low levels. Such poor performance, particularly as a result of the declining value of the TTF, comes in the wake of substantial windfall revenues from the marketing and sale of Tuvalu's Internet top level domain name which led to a relaxation of the Government's normal fiscal prudence. Increased pressure on Government's finances appears to have prompted the need for tightening financial management. SOEs and government commercial operations require attention to reduce their impact on the Government's budget and to improve their standards of management, accountability, and efficiency, especially since many of the services underpin economic and social service delivery to the outer islands. ADB's country strategy has therefore maintained its focus on governance, especially public financial management and corporate governance.

18. The continued problems of water and waste management on Funafuti are escalating with the increased population in the capital. The preliminary population figures indicate that overcrowding and associated problems will continue. Previous interventions in waste management have made an impact, but further work is needed.

19. Loan and technical assistance to help the Government focus its interventions in the education sector are needed to overcome the problems identified by stakeholders. Already the Government has identified as one of its priorities the creation of a secondary school that will

also address nonacademic aspects of education. This is consistent with the country strategy and is an area for possible loan assistance.

III. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM

A. Progress Under a Poverty Partnership Agreement

20. The poverty partnership agreement between the Government of Tuvalu and ADB was signed on 3 April 2003. It confirms the Government's commitment to better define and assess the concept of poverty, design appropriate strategies to reduce poverty, and incorporate these strategies into the country's development plans, consistent with the Government's priorities.

21. Tuvalu scores high on almost all Millennium Development Goals. The country has achieved universal primary education and has eliminated gender disparity in primary and secondary enrolment rates. However, literacy and numeracy appear to be declining due to the deteriorating quality of education, decreasing morale of teachers, weak school management, and deterioration in the level of English proficiency. Social pressure also discourages women from pursuing postsecondary education.

22. Though poverty is not considered an issue yet, the Government acknowledges that there are wide disparities in access to services and cash income opportunities between the population on Funafuti and on the outer islands. Poverty on the outer islands, where primarily the old, the very young, and women reside, is growing, and among the people who have immigrated to Funafuti, pockets of poverty are emerging.

23. Through an ongoing TA³ and a regional technical assistance (RETA),⁴ ADB will assist the Government in undertaking a participatory assessment of poverty, reviewing the existing NDS, and preparing a new NSDS. The RETA will also review and validate the Government's programs for poverty reduction and assist in the drafting of growth and poverty reduction policies.

B. Progress in the Country Strategy and Program Focus Areas

24. Under ADB's country strategy, social development was addressed under the recently closed Island Development Program (IDP) loan that helped establish the Falekaupule Trust Fund (FTF) to provide a sustainable stream of funding for development projects and maintenance of community assets in the outer islands. An ongoing associated TA, aimed at improved governance, administration, and service delivery on the outer islands, helped to establish the Secretariat for the FTF. The Government has requested ongoing advice to help with FTF management. Similar assistance provided to the TTF has been critical to the TTF's long-term success. The positive results from the FTF has attracted additional support from several donors. The New Zealand Agency for International Development (NZAID) is providing advice to the FTF under its ongoing assistance to the TTF Advisory Committee. In addition, NZAID plans to provide capital contributions to the FTF of NZ\$350,000 per annum over the next 5 years. Complementing this assistance will be further support for local governments in the form of a training needs assessment and further education of island communities on accessing the FTF for community projects. The United Nations Development Programme (UNDP) will likely

³ ADB. 2001. *Technical Assistance to Tuvalu for Country Economic Study and Strategy Development*. Manila.

⁴ ADB. 2001. *Regional Technical Assistance for Consultation Workshops on Poverty Reduction Strategies for Selected Pacific DMCs*. Manila.

support this training effort on the outer islands. The involvement of the donors in outer island development has allowed the ADB to refocus its strategy on social development and human resource development.

25. In addition to declining basic services and increasing income inequalities, the lack of employment and the high rates of urban population growth driven by the lack of opportunities on the outer islands are matters of concern. There is a need to accelerate human resource development, as education will create the desire and capability for entrepreneurial activity as well as the demand for good governance. To improve human resources development and enhance employment opportunities, the recently approved US\$1.85 million loan for the Maritime Training Project and its associated TA⁵ will upgrade the structures and training facilities of TMTI. The project will continue both to improve the quality of education and training and to prepare seafarers for overseas employment, which constitutes the main source of jobs and income for Tuvaluans in the private sector. The outer island communities benefit most from remittances of seafarers who graduated from TMTI. Further assistance will be provided under a RETA⁶ to improve the quality and accessibility of education, health, and telecommunication services.

26. The Government's reforms in the education sector envisage the establishment of a secondary school to accommodate Forms 5–7 and to improve the students' performance and learning outcomes. Loan assistance in this area is considered appropriate. A project preparatory technical assistance (PPTA) will be provided to help prepare a proposed secondary education project and to help establish an education committee to guide sector policy and plans. Such assistance would minimize coordination problems and lead to a significant improvement in the delivery and quality of education services.

27. To address the weaknesses in economic and financial management and to provide continuing policy advice, a top-to-bottom assessment of the state of the budgeting and accounting system and of options for the future will be conducted in mid-2003 under an ongoing TA.⁷ To continue support for the improvement of public financial management and to foster good governance, a proposed TA to help formulate a strategic plan for improving public finance management and for ensuring fiscal sustainability is planned. The new TA will strengthen the financial management processes within the Ministry of Finance, Economic Planning, and Industries (MFEPI), including integrating the accounting and budgeting systems, and will pursue further reform of tax policy.

28. The general lack of appropriate financial and policy governance of the SOEs, and the concern that the SOEs are insufficiently accountable for their actions and performance, call for a more detailed examination of their governance to identify issues, assess the scope for improving performance, and recommend an appropriate strategy for better service delivery at least cost. The major SOEs and commercial government departments have key roles to play in the provision of infrastructure for improving economic performance and social outcomes. This is especially the case on the outer islands because of the involvement of SOEs in telecommunications, electricity, and interisland transportation. To help the Government with the management and monitoring of SOEs, a TA on improving governance of SOEs is planned.

29. While the Government has educated the public on waste issues, established a dedicated landfill, begun composting vegetable waste, and prepared plans to control medical waste, the

⁵ ADB. 2002. *Technical Assistance to Tuvalu for Tuvalu Maritime Training Institute*. Manila.

⁶ ADB. 2003. *Regional Technical Assistance for Expanding the Reach of Distance Learning in the Pacific*. Manila.

⁷ ADB. 1999. *Technical Assistance to Tuvalu for Island Development Program Implementation*. Manila.

Environment Unit's effectiveness is currently constrained by the uncertainty surrounding future institutional responsibility for waste management. There is an urgent need, not only for improved waste management, but also for water management, since the increasing population density on Funafuti raises major public health concerns. Water and waste management are particularly interlinked in the small island setting, as water supplies are readily contaminated through poor waste management. Some efforts toward improving the management of these subsectors have been initiated through a RETA⁸ and through activities financed by other external agencies that have identified the need for further interventions. Additional assistance is needed to assist the Government in developing specific programs, regulations, and guidelines, including the development of a water, sanitation and waste master plan, implementation of cost recovery, and institutional development. Accordingly, TAs for Effective Waste Management and Recycling and for Water, Sanitation, and Waste Management are proposed. These will require widespread community involvement and could be expanded to outer island communities.

C. Highlights in Coordination of External Funding and Partnership Arrangements

30. Japan, the largest development partner for Tuvalu, recently completed a new hospital on Funafuti. Its future program includes upgrading the main wharf and the power supply and facilities on Funafuti. Taipei, China, the second largest development partner, is financing the construction of a new three-story central government office building on Funafuti, which is expected to be completed in early 2004. In addition, Taipei, China will provide US\$2 million in grant financing per annum for 2003–2007.

31. The assistance of the key multilateral agencies, EU and UNDP, complements ADB's assistance to the outer islands under the IDP. The focus (90%) of European Union assistance for 2003–2007 is on social development support, specifically for activities on the outer islands in education (through improving primary school infrastructure, equipment and supplies, teacher accommodation, curriculum, and teacher training courses), water supply (through improving catchment facilities), and environment (through extension of a waste management project), and the remaining for support to nonstate actors for development activities and capacity building.

32. The assistance of UNDP for 2003–2007 is primarily directed towards reducing disparities in services and opportunities between Funafuti and the rest of Tuvalu, and within the outer island groups, through strengthening the capacities of the island councils for effective decentralization and through supporting the implementation of a social development policy with an emphasis on the disadvantaged and vulnerable, particularly women, children, the disabled, and the aged for improved social services and quality of life.

33. AusAID supports human resources development through in-country training in vocational education and overseas scholarships and training. TA in education is given in curriculum development. AusAID also supports a teacher and business volunteer program and has provided TA for aid coordination. ADB's proposed project in waste management builds on the recently completed AusAID project on the same issue. ADB's proposed project addresses pending weaknesses in policy and institutional development.

34. ADB has liaised closely with NZAID regarding the latter's contributions to the FTF and possible ADB assistance for secondary education (where coordination with NZAID will be required). NZAID has a large program for education, training, and human resources

⁸ ADB. 2002. *Regional Technical Assistance for Promotion of Effective Water Management Policies and Practices*. Manila.

development. Overseas scholarships at secondary and tertiary levels, short-term technical/vocational training in Tuvalu, and feasibility studies on early childhood education and technical/vocational education are provided. NZAID is reviewing its reef channels project as part of its assistance to the outer islands. It is also strengthening local governments by assisting the management of the FTF, including technical advice, undertaking a training needs analysis of local governments, and providing assistance to help communities access the FTF. Capital contributions to the FTF are programmed for the next 5 years starting in the current financial year. NZAID's future focus is human resources development, outer island development, and support to the TTF and FTF. A matrix showing the interventions of the various agencies is attached in Appendix 2, Table A2.6.

IV. PORTFOLIO MANAGEMENT ISSUES

A. Portfolio Performance

35. Since joining ADB in 1993, Tuvalu has received two loans: one program loan, 1693-TUV: Island Development Program (for US\$4.0 million), and one project loan, 1921-TUV: Maritime Training Project (for US\$1.85 million). It has also received 14 TAs, including 4 PPTAs and 10 advisory TAs (ADTAs), totaling US\$3.63 million. Only three ADTAs for US\$1.19 million were active at the end of 2002. The cumulative contract awards and cumulative disbursements both totaled US\$4.0 million as of 31 December 2002. The program loan was closed on 19 July 2001, and the program completion report was prepared in January 2003. Overall, the program loan was rated satisfactory. The active project loan and all active TAs are performing satisfactorily. Details of portfolio performance and project implementation are shown in Appendix 2, Tables 2.7–2.10.

36. It is noteworthy that, of the four PPTAs, only two led to loans. This may be an indication of overoptimistic programming. More frequent policy dialogue between ADB and the Government is recommended to ensure that project proposals are consistent with Government priorities and local absorptive capacities.

B. Performance Monitoring and Evaluation

37. While the IDP has been accomplished, its attached TA is funding a participatory monitoring evaluation survey to help measure the results and impact of the IDP. This survey is a follow up to the baseline survey undertaken in 2001. It is expected that this data, along with the data from the November 2002 census, will point to improvements in the quality of life in the island communities. Assistance to MFEPI under the proposed financial management TA will be complemented by assistance to be provided by AusAID on aid coordination.

V. COUNTRY PERFORMANCE AND ASSISTANCE LEVELS

A. Lending Level Proposed

38. Consistent with ADB's policy on performance-based allocation of the Asian Development Fund (ADF), the level of ADF allocated to Tuvalu is linked to the country's performance with respect to policy, reforms, and portfolio management. Accordingly, the proposed base case 3-year rolling allocation is US\$1.2 million for 2004–2006. Depending on ADF resource availability in 2004, the ADF lending program will need to be reviewed. The issue will be revisited and confirmed during the Country Program Confirmation Mission. The 2005 and 2006 ADF lending program will depend on the outcome of the discussions regarding ADF replenishment. The final

allocation of ADF resources will also depend on performance against the agreed upon triggers. These triggers include continued progress in macroeconomic management, sector reform and governance, sector-specific achievements, and portfolio management. The proposed lending triggers are given in Appendix 2, Table A2.13.

39. Tuvalu's overall performance assessment score is well above the average for PDMCs. However, the country has experienced the largest drop in the rating for 2002, primarily as a result of less than prudent macroeconomic management and some deterioration in the civil service and public expenditure management categories.

40. The absorptive capacity of Tuvalu is limited, and the lending levels based on performance for 2004–2006 assume a “low case” lending program of US\$1.0 million, a “base case” lending program of US\$1.2 million, and a “high case” lending program of US\$1.5 million. For 2003–2007, a US\$2.0 million loan is proposed for an education project in 2005. At an average of US\$0.4 million allocation per year, the proposed loan for 2003–2007 programmed for 2005 is generally consistent with the base case scenario. Details of the lending program are shown in Appendix 2, Table 2.11.

B. Nonlending Program

41. The nonlending assistance for the period 2003–2006 focuses on (i) fostering good governance through ADTAs on Improving Public Finance Management and Accountability in 2003 and Improving Governance of SOEs in 2006, and (ii) enhancing human and social development through ADTAs on Effective Waste Management and Recycling in 2003, and on Water, Sanitation, and Waste Management in 2005, and a PPTA for Support to Secondary Education Programming in 2004. Details of the nonlending program are shown in Appendix 2, Table 2.12.

C. Summary of Changes to Lending and Nonlending Program

42. A number of changes with respect to the 2003 TA program were discussed with the Government. These changes were made to reflect changing priorities and have the full concurrence of the Government. A new loan for a secondary education project is proposed for 2005. For the TA program, (i) the TA for Improving Governance of SOEs, which was initially planned for 2003, has been deferred to 2006; (ii) a new TA for Improving Public Finance Management and Accountability has been included in the program for 2003 to more realistically reflect the public finance and administration priorities of the Government; (iii) the TA for Future Electricity Supply for Funafuti, which was initially planned for 2004, has been cancelled; (iv) new TAs for Effective Waste Management and Recycling, as well as for Water, Sanitation, and Waste Management have been included in the program for 2003 and 2005, respectively; and (v) a new PPTA for Support to Secondary Education Programming has been included in 2004.

SUMMARY STATEMENT OF STRATEGY

Objectives	Good Governance	Human and Social Development
Strategic Focus	<ul style="list-style-type: none"> • Prudent fiscal discipline and management • Improved budget financial management system • Enhanced capabilities of economic policy and planning • Improved corporate governance of SOEs • Effective and transparent management of SOEs 	<ul style="list-style-type: none"> • Supported human and social development • Improved health through access to safe water and proper sewerage and sanitation • Improved systems for safe disposal and management of waste • Improved efficiency of use of resources for the development of the education sector • Strengthened secondary and vocational education
Ongoing/Proposed Loans		<ul style="list-style-type: none"> • Tuvalu Maritime Training Project (2002) • Support to Secondary Education Programming (2005)
Ongoing/Proposed TAs	<ul style="list-style-type: none"> • Country Economic Study and Strategy Development (2001) • Improving Public Finance Management and Accountability (2003) • Improving Governance of SOEs (2006) 	<ul style="list-style-type: none"> • Island Development Program Implementation (1999) • Tuvalu Maritime Training Institute Strengthening (2002) • RETA on Expanding the Reach of Distance Learning in the Pacific (2003) • RETA on Poverty Consultations and Participatory Poverty Assessment (2003) • RETA on Climate Change Adaptation Program for Pacific (2003) • RETA on Promotion of Effective Water Management Policies and Practices (2003) • Effective Waste Management and Recycling (2003) • Support to Secondary Education Programming (2004) • Water, Sanitation, and Waste Management (2005)
Target Outcomes	<ul style="list-style-type: none"> • Strengthened economic and fiscal management through responsible preparation of budgets • Integrated accounting and budget system in MFPEI • In-country capability to undertake economic policy and planning • Improved governance of SOEs resulting in more cost-effective service delivery 	<ul style="list-style-type: none"> • A comprehensive Water, Sanitation, and Waste Master Plan • Increased access to safe water • Improved waste management leading to less pollution and cleaner living environment • More efficient use and coordination of resources available for development of the education sector

MFPEI = Ministry of Finance, Economic Planning, and Industries, RETA= regional technical assistance, SOE = state-owned enterprise, TA = technical assistance.

COUNTRY AND PORTFOLIO INDICATORS, AND ASSISTANCE PIPELINE

Table A2.1: Progress Toward the Millennium Development Goals and Targets

Goals and Targets	1990	1995	Latest Year
Goal 1. Eradicate Extreme Poverty and Hunger			
Target 1: Reduce incidence of extreme poverty by half from 1990 to 2015			
1. Proportion of population below US\$1 per day (PPP-values) (%)	—	—	—
2. Poverty gap ratio	—	—	—
3. Share of poorest quintile in national consumption (%)	—	—	—
Target 2: Reduce the proportion of people who suffer from hunger by half from 1990 to 2015			
4. Prevalence of child malnutrition (% of children under 5)	—	0.0 ^a (1997)	—
5. Proportion of population below minimum level of dietary energy consumption (%)	—	—	—
Goal 2. Achieve Universal Primary Education			
Target 3: Attain 100 % primary school enrolment by 2015			
6. Net enrollment ratio in: (%)			
Primary education	98.0 ^b (1984-94)	100.0 ^{b,c} (1994)	100.0 ^{b,c} (1998/99)
Secondary education	—	—	—
Tertiary education	—	—	—
7. Proportion of pupils starting Grade 1 who reach Grade 5	—	95.8 ^d (1993)	—
8. Literacy rate of 15-24 year olds (%)	—	—	—
Goal 3. Promote Gender Equality and Empower Women			
Target 4: Eliminate gender disparities in primary and secondary education by 2005 and to all levels of education no later than 2015			
9. Ratio of girls to boys in: (%)			
Primary education	90.0 (1991)	82.0	90.0 (2001)
Secondary education	117.0 (1991)	103.0	93.0 (2001)
10. Ratio of young literate females to males (% of age group 15-24)	—	—	—
11. Share of women in wage employment in the non-agricultural sector	33.0 ^a (1991)	—	—
12. Proportion of seats held by women in national parliament	8.0 ^{e,f}	8.0 ^{e,f} (1997)	0.0 ^{e,f} (2002)
Goal 4. Reduce Child Mortality			
Target 5: Reduce infant and child mortality by two-thirds from 1990 to 2015			
13. Under-5 mortality rate (per 1,000 live births)	59.0 (1991)	56.0 ^f	53.0 ^f (2000)
14. Infant mortality rate (per 1,000 live births)	43.5	49.8	13.1 (2000)
15. Proportion of 1 year old children immunized against measles	—	—	—

Goals and Targets	1990	1995	Latest Year
Goal 5. Improve Maternal Health			
Target 6: Reduce maternal mortality rate by three-quarters between 1990 and 2015			
16. Maternal mortality ratio (per 100,000 live births)	0.0	0.0	0.0
17. Births attended by skilled health staff (% of live births)	—	—	99.0 ^g (1997)
Goal 6. Combat HIV/AIDS, Malaria and Other Diseases			
Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS			
18. HIV prevalence rate among 15-24 year old pregnant women	—	—	—
19. Contraceptive prevalence rate (% of women aged 15-49)	—	41.2 ^g (1997)	40.0 ^h (1999)
20. Number of children orphaned by HIV/AIDS	—	—	—
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases			
21. Malaria:			
Prevalence rate (per 100,000 people)	—	—	—
Death rate (per 100,000 people)	—	—	14.0 ^f (2000)
22. Proportion of population in malaria risk areas using effective malaria prevention & treatment measures	—	—	—
23. Tuberculosis:			
Prevalence rate (per 100,000 people)	—	—	31.0 ^f (2000)
Death rate (per 100,000 people)	—	30.9 ^g (1997)	8.0 ^f (2000)
24. Proportion of TB cases detected and cured under DOTS (%)	—	—	—
Goal 7. Ensure Environmental Sustainability			
Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources			
25. Forest area (% of total land area)	—	0.0 ⁱ (1993)	—
26. Nationally protected areas (% of total land area)	32.0 ^j	32.0 ^j	32.0 ^j (1998)
27. GDP per unit of energy use (PPP US\$ per kg oil equivalent)	—	—	—
28. Carbon dioxide emissions (per capita metric tons)	—	0.0 ^{f,k} (1994)	0.0 ^{f,k} (1996)
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water			
29. Access to an improved water source (% of population)			
Total	—	—	100.0 ^l (2000)
Urban	99.0 ^j (1988)	100.0 ^l (1994)	100.0 ^l (2000)
Rural	100.0 ^j (1988)	95.0 ^l (1994)	100.0 ^l (2000)

Goals and Targets	1990	1995	Latest Year
Target 11: By 2010, to have achieved a significant improvement in the lives of at least 100 million slum dwellers			
30. Access to improved sanitation (% of population)			
Total	—	—	100.0 ^l (2000)
Urban	79.0 ^l (1988)	90.0 ^l (1994)	100.0 ^l (2000)
Rural	77.0 ^l (1988)	85.0 ^l (1994)	100.0 ^l (2000)
31. Access to secure tenure (% of population)			
	—	—	—

Note: — means not available, DOTS = Directly Observed Treatment Short-course, HIV/AIDS = human immunodeficiency virus/acquired immune deficiency syndrome, PPP = purchasing power parity, TB = tuberculosis.

^a UNDP, Pacific Human Development Report (1994, 1999); UNDP, Human Development Report (2000, 2001, 2002).

^b UNICEF, *The Progress of Nations* (1997, 1999, 2000).

^c Ministry of Education and Culture, Enrollment in Primary Education (1994, 1998).

^d UNESCO, Institute for Statistics (<http://portal.unesco.org/uis>); UNESCO, Statistical Yearbook.

^e Inter-Parliamentary Union (IPU), Information on National Parliaments (<http://www.ipu.org>).

^f WHO/UNICEF, End-Decade Databases 2002 (<http://childinfo.org>).

^g WHO, Western Pacific Region Health Data Bank (rev/2001) (<http://wpro.who.int>).

^h ADB, Regional Technical Assistance for Poverty Assessment in PDMCs, Discussion Papers (2001); ADB, *Key Indicators 2002*; ADB, *Tuvalu 2002 Economic and Public Sector Review*.

ⁱ Central Intelligence Agency (CIA), *The World Factbook* (2001, 2002) (<http://www.cia.gov>).

^j South Pacific Regional Environmental Programme (SPREP), Action Strategy for Nature Conservation in the Pacific Islands Region (1999-2002).

^k UNSD, United Nations Framework Convention on Climate Change-Carbon Dioxide Information Analysis Center (UNFCCC-CDIAC).

^l UNICEF/WHO, Joint Monitoring Programme for Water Supply and Sanitation (Coverage Estimates 1980-2000); UNICEF/WHO/Water Supply and Sanitation Collaborative Council, Global Water Supply and Sanitation Assessment 2000 Report.

Sources: Unless otherwise specified, data are from the database of the Central Statistics Division, Ministry of Finance, Economic Planning, and Industries. Main data sources are *Tuvalu's 1991 Census on Population and Housing* and *Tuvalu's 1994 Household Income and Expenditure Survey*.

Table A2.2: Country Economic Indicators

Item	Fiscal Year				
	1998	1999	2000	2001	2002
A. Income and Growth					
1. GDP per Capita (US\$, current)	1,320	1,389	1,343	1,251	1,343
2. GDP Growth (% , in constant prices)	14.9	3.0	3.0	4.0	2.0
Agriculture	0.7	—	—	—	—
Industry	21.5	—	—	—	—
Services	16.0	—	—	—	—
B. Saving and Investment (current market prices)					
			(% of GDP)		
1. Gross Domestic Investment	24.9	—	—	—	—
2. Gross Domestic Saving	—	—	—	—	—
C. Money and Inflation					
			(annual % change)		
1. Consumer Price Index ^a	0.9	3.8	5.3	1.8	2.6
2. Total Liquidity (M2)	—	—	—	—	—
D. Government Finance					
			(% of GDP)		
1. Total Revenue and Grants	154.4	148.7	243.2	119.5	155.6
2. Total Expenditure and Onlending	95.9	126.2	211.0	162.3	70.9
3. Overall Fiscal Surplus (Deficit)	58.6	22.5	32.2	(42.8)	84.7
E. Balance of Payments					
1. Merchandise Trade Balance (% of GDP)	(75.8)	(57.5)	(55.8)	—	—
2. Current Account Balance (% of GDP)	—	—	—	—	—
3. Merchandise Export (US\$) Growth (cif, annual % change)	—	—	—	—	—
4. Merchandise Import (US\$) Growth (CIF, annual % change)	35.3	(26.5)	6.0	—	—
F. External Payments Indicators					
1. Gross Official Reserves (US\$ million, end of period)	—	—	—	—	—
months of imports	—	—	—	—	—
2. External Debt Service (% of exports of goods and services)	—	—	—	—	—
3. External Debt (% of GDP)	—	—	—	—	—
G. Memorandum Items					
1. GDP (current prices, A\$ million)	20.8	21.6	23.4	24.8	25.7
2. Exchange Rate (A\$/US\$, annual average)	1.6	1.6	1.7	1.9	1.8
3. Population (million) ^b	0.0099	0.0100	0.0101	0.0103	0.0104

Note: — means not available, CIF = cost, insurance, freight, GDP = gross domestic product.

^a Period average. 2002 inflation rate based on the Tuvalu Trust Fund Advisory Committee's *First Half-Yearly Report*, April 2002, p.16.

^b This estimate is made on the assumption that the population growth rate averaged 1.3% between 1991 and 2002. The figure arrived at is close to the Central Statistics Division estimate of 10,223 in June 2001, which is based on an examination of crude birth and death rates and overseas arrivals and departure.

Sources: ADB, *Tuvalu 2002 Economic and Public Sector Review*; Tuvalu, *Tuvalu National Accounts 1996 to 1998*; Tuvalu, *Tuvalu National Budget 2002*; Ministry of Finance, *Economic Planning and Industries database*; and Asian Development Bank estimates.

Table A2.3: Country Social Indicators

Item	1991*	1995	Latest Year
1. Demographic Indicators			
Total Population ('000)	9.043	9.51 ^a	10.41 ^b (2002 est.)
Annual Population Growth Rate (% change)	—	1.3	—
Dependency Ratio (% of dependents to working age)	69.0	73.9 (1994) 72.0 ^d (1998)	60.6 ^c (2002 est.)
Total Fertility Rate (births per woman)	3.5	3.1	2.9 (2000)
Ave. Household Size	—	6.2 (1994)	—
2. Health			
Life Expectancy at Birth (years)	67.0 ^e	67.0 ^d (1998)	66.98 ^c (2002 est.)
Male	64.0 ^e	64.0 ^d (1998)	64.83 ^c
Female	70.0 ^e	70.0 ^d (1998)	69.23 ^c
Population with Access to Health Services (%)	—	100.0 ^d (1993)	100.0 ^e (1998)
Urban	—	—	100.0 ^e (1998)
Rural	—	—	100.0 ^e (1998)
Population per Doctor	2,528 ^a (1992)	3,210 ^a (1996)	3,300 ^e (1999)
Government Expenditure on Health			
As % of Total Government Spending	8.7 ^a	5.5 ^a (1996)	5.2 ^a (2002)
As % of GDP	5.1 ^d (1993)	8.7 ^a (1996)	7.0 ^a (2002)
3. Education			
Adult Literacy Rate (%)	99.0 ^f	99.0 ^d (1993)	95.0 ^{a,d} (1998)
Male	99.1 ^f	99.0 ^d (1993)	95.0 ^{a,d} (1998)
Female	98.9 ^f	99.0 ^d (1993)	95.0 ^{a,d} (1998)
Combined Gross School Enrollment Ratio	74.0 ^d	—	—
Male	74.0 ^d	—	—
Female	75.0 ^d	—	—
Gross Primary Enrollment (% of aged 5-14 years)	88.0 ^d	—	103.6 ^f (1998/99)
Male	87.0 ^d	—	105.8 ^f (1998/99)
Female	88.0 ^d	—	101.1 ^f (1998/99)
Gross Secondary Enrollment (% of aged 15-19 years)	34.0 ^d	—	78.3 ^f (1998/99)
Male	31.0 ^d	—	83.1 ^f (1998/99)
Female	35.0 ^d	—	73.1 ^f (1998/99)
Student-Teacher Ratio (no. of students per teacher)			
Primary	22.5	28.5	17.6 (2001)
Secondary	23.0	17.0	17.4 (2001)
Government Expenditure on Education			
As % of Total Government Spending	16.6 ^a	12.3 ^a	27.4 ^a (2002)
As % of GDP	—	19.5 (1996)	37.4 ^a (2002)

Note: — means not available, Ave. = average, GDP = gross domestic product.

* Used as base year, instead of 1990, being Tuvalu's last official census year.

^a ADB, Asian Development Outlook 2003; ADB, Key Indicators 2002; ADB, Tuvalu 2002 Economic and Public Sector Review; ADB, Tuvalu 1997 Economic Report.

^b This estimate is made on the assumption that the population growth rate averaged 1.3% between 1991 and 2002. The figure arrived at is close to the Central Statistics Division estimate of 10,223 in June 2001, which is based on an examination of crude birth and death rates and overseas arrivals and departure.

^c CIA, *The World Factbook 2002* (<http://cia.gov>).

^d As a % of GNP; UNDP, *Pacific Human Development Report* (1994, 1999).

^e WHO, *Western Pacific Region Health Data Bank* (rev/2001) (<http://wpro.who.int>).

^f UNESCO, *The Education for All (EFA) 2000 Assessment: Country Reports* (<http://www2.unesco.org/wef/countryreports>); UNESCO, Institute for Statistics (<http://portal.unesco.org/uis>).

Sources: Unless otherwise specified, data are from the database of the Central Statistics Division, Ministry of Finance, Economic Planning, and Industries, Government of Tuvalu. Main data sources are *Tuvalu's 1991 Census on Population and Housing* and *Tuvalu's 1994 Household Income and Expenditure Survey*.

Table A2.4: Country Poverty Indicators

Item	1991	1994	Latest Year
1. Development Progress Indices			
Human Development Index (HDI)	—	0.652	0.583 (1998)
PDMC Rank	—	3	6
Human Poverty Index (HPI)	—	—	7.3 (1998)
PDMC Rank	—	—	3
Composite Vulnerability Index	—	—	—
PDMC Rank	—	—	—
Gender-Related Development Index	—	—	—
Rank (out of 162 countries)	—	—	—
2. Poverty Indicators			
Headcount Index (% of households) ^a			
Total	—	60.3	—
Funafuti	—	40.5	—
Outer Islands	—	71.7	—
Poverty Severity Index (%)	—	—	—
3. Inequality Indicators			
Gini Coefficient	—	—	—
Household Income (% of total)			
H20	—	—	—
L20	—	—	—
Income Ratio (H25/L25) ^b	—	28.5	—

Note: — means no data available, PDMC = Pacific developing member countries.

^a Refers to percent of households with income representing $\leq 50\%$ of total net income.

^b Refers to ratio of average household net weekly income of the highest quartile group to that of the lowest quartile group.

Sources: Central Statistics Division, Ministry of Finance, Economic Planning and Industries, Government of Tuvalu. *Household Income and Expenditure Survey 1994: Final Report*. UNDP, *Pacific Human Development Report* (1994, 1999).

Table A2.5: Country Environment Indicators

Item	1991	Latest Year
1. Energy Efficiency of Emissions		
Traditional Fuel Use (% of total energy use)	—	—
2. Water Pollution		
Water Bodies Exceeding Contact Recreation Standards		
Biological Oxygen Demand (BOD)	—	—
Chemical Oxygen Demand (COD)	—	—
3. Air Pollution		
Carbon Dioxide (CO ₂) Emissions		
Total (millions of metric tons)	—	—
Per unit of GDP (kg/PPP US\$ GDP)	—	—
Sulphur Dioxide (SO ₂) Emissions		
Per capita (kilograms)	—	—
4. Land Use and Deforestation		
Total Land Area (sq. km)	25.63	25.63 (2002)
Average Annual Deforestation		
Area (remaining sq. km)	—	—
% change	—	—
Arable Land (% of total land)	—	0.0 (1998)
Cropland, Permanent (% of total land)	—	0.0 (1998)
Pastures, Permanent (% of total land)	—	0.0 (1998)
Population Density, Rural (people per sq. km)	—	—
5. Biodiversity and Protected Areas		
Nationally Protected Area(s)		
Area (sq. km)	8.0	8.0 (2002)
Number	1	1 (2002)
World Heritage Sites (number)	0	0 (2002)
Mammals (number of threatened species)	—	—
Birds (number of threatened species)	—	—
6. Urban Areas		
Urban Population		
% of total population	42.5	49.3 (2002)
Per Capita Water Use (liters/day)	—	—
Wastewater Treated (%)	—	—
Solid Waste Generated per Capita (kg/day)	—	—

Note: — means no data available, GDP = gross domestic product, PPP = purchasing power parity.

Sources: ADB, *Tuvalu 2002 Economic and Public Sector Review*; Central Statistics Division, Ministry of Finance, Economic Planning and Industries, preliminary results of the November 2002 Census on Population and Housing; CIA, *The World Factbook* (2001, 2002) (<http://cia.gov>); Environment Office, Ministry of Natural Resources database; SPC, *Pacific Island Populations Data Sheet* (1997); SPREP, *Action Strategy for Nature Conservation in the Pacific Islands Region (1999-2002)*; WHO, Western Pacific Region Health Data Bank (rev/2001) (<http://wpro.who.int>).

Table A2.6: Development Coordination Matrix

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
A. Economic and Public Sector Reform	<p>Ongoing</p> <ul style="list-style-type: none"> • TA on Country Economic Study and Strategy Development to prepare economic and public sector review and to assist the Government in reviewing the existing NDS and preparing new NSDS (2001) <p>Programmed</p> <ul style="list-style-type: none"> • TA on Improving Public Finance Management and Accountability (2003) 	<ul style="list-style-type: none"> • Strengthening local governance (UNDP) • TA on public sector reform (AusAID) • Assets management project (AusAID) • Legal assistance/crown counsel (CFTC) • Training needs analysis for Falekaupule Trust Fund (NZAIID) • Tuvalu Trust Fund advisory support (NZAIID)
B. Private Sector Development	<p>Programmed</p> <ul style="list-style-type: none"> • TA on Improving Governance of State-Owned Enterprises (2006) 	<ul style="list-style-type: none"> • Copra production subsidy (EU) • Coconut oil support program (EU) • Business advisory unit support (UNDP) • Strategic Action Program on International Water for Pacific Small Island Developing States, Oceanic Component for Tuna and Fisheries (IWP)
C. Education	<p>Ongoing</p> <ul style="list-style-type: none"> • TA on Strengthening of TMTI to meet the International Maritime Organization standards for accreditation (2002) • Loan for upgrade and construction of various infrastructure at TMTI to enable acceptable training standards (2002) <p>Programmed</p> <ul style="list-style-type: none"> • TA on Support to Secondary Education Programming (2004) • Loan for Support to Secondary Education Programming for upgrading the national secondary school, to a senior secondary school and expanding its vocation education curriculum, and improving education quality with measurable learning outcomes (2005) 	<ul style="list-style-type: none"> • In-service scholarships and training (EU) • Pre-service scholarships and training (EU) • Subsidy for TMTI (EU) • Pacific in-country training (AusAID) • Overseas scholarships (AusAID) • TA national curriculum framework and teacher training (AusAID) • Education sector planning (NZAIID) • TAs on feasibility study for early childhood education and vocational/technical education (NZAIID) • Secondary and tertiary scholarships (NZAIID) • Scholarships in region (tertiary) (NZAIID) • Short-term training (NZAIID) • Overseas scholarships (Taipei,China) • Human resources development –Manpower planning (ILO)
D. Health		<ul style="list-style-type: none"> • Support for family planning issues (UNFPA) • Medical treatment scheme/health care (NZAIID and EU) • WHO support (WHO)

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
E. Infrastructure 1. Transport and Communication 2. Energy 3. Water Supply and Sanitation 4. Urban Infrastructure	<p>Programmed</p> <ul style="list-style-type: none"> • RETA on Expanding the Reach of Distance Learning in the Pacific (2003) <p>Programmed</p> <ul style="list-style-type: none"> • RETA on Promotion of Effective Water Management Policies and Practices (2003) • TA on Water, Sanitation, and Waste Management (2005) 	<ul style="list-style-type: none"> • Relocation of airport terminal/civil aviation facility (EU) • Reef channel development (NZAID) • Tuvalu solar electricity (EU) • Desalinators, water tanks, water trucks, (EU) • Water supply at Moutoufoa Secondary School (EU) • Local contribution to AusAID waste fund management (EU) • Wharf warehouse foreshore protection (EU) • Cargo handling equipment (EU) • Teacher housing at Motoufoa (EU) • Budget support (Taipei,China) • Construction of government building (Taipei,China) • Hospital construction (Japan)
F. Environment	<p>Ongoing</p> <ul style="list-style-type: none"> • RETA on Climate Change Adaptation Program for Pacific (2003) <p>Programmed</p> <ul style="list-style-type: none"> • TA on Effective Waste Management and Recycling (2003) 	<ul style="list-style-type: none"> • Pacific Islands Climate Change Programme, Implementation of Montreal Protocol (UNEP) • Strategic Action Program on International Water for Pacific Small Island Developing States, Coastal Component for Wastewater (IWP)
G. Others 1. Social Development	<p>Ongoing</p> <ul style="list-style-type: none"> • TA on Island Development Program Implementation (1999) • RETA on Poverty Consultations and Participatory Poverty Assessment (2003) 	<ul style="list-style-type: none"> • Small grant funds/in-country coordinator (NZAID) • Assistance to environment through an extension of a waste management project to the outer islands (EU)

ADB = Asian Development Bank, AusAID = Australian Agency for International Development, CFTC = Commonwealth Fund for Technical Cooperation, EU = European Union, ILO = International Labor Organization, IWP = International Waters Programme, NDS = National Development Strategy, NSDS = National Sustainable Development Strategy, NZAID = New Zealand Agency for International Development, RETA = regional technical assistance, TA = technical assistance, TMTI = Tuvalu Maritime Training Institute, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme, UNFPA = United Nations Populations Fund, WHO = World Health Organization.

Table A2.7: Portfolio Indicators—Portfolio Amounts and Ratings
(public sector loans, as of 31 December 2002)

Sector	Net Loan Amount		Total		Rating ^a												
	(US\$ million)	(%)	(no.)	(%)	Highly Satisfactory		Satisfactory		Partly Satisfactory		Unsatisfactory		Potential Problem ^b		At Risk ^c		
					(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	
Agriculture and Natural Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Industry and Nonfuel Minerals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multisector	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social Infrastructure	1.9	100.0	1	100.0	-	-	1	100.0	-	-	-	-	-	-	-	-	-
Transport and Communications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.9	100.0	1	100.0	-	-	1	100.0	-	-	-	-	-	-	-	-	-

^a One rating for implementation progress and development objectives, based on the lower rating of either.

^b Potential problem loans are satisfactory loans but have four or more risk factors associated with partly satisfactory or unsatisfactory performance.

^c A loan is "at risk" if it is rated as partly satisfactory, as unsatisfactory, or as a potential problem.

Source: Asian Development Bank Project Coordination and Procurement Division.

Table A2.8: Portfolio Indicators—Disbursements and Net Transfers of Resources
(public sector loans, as of 31 December 2002)

Disbursements and Transfers	OCR	ADF	Total
Disbursements ^a			
Total Funds Available for Withdrawal (US\$ m)	-	-	-
Disbursed Amount (US\$m, cumulative)	-	-	-
Percentage Disbursed (disbursed amt/total available)	-	-	-
Disbursements (US\$m, latest year)	-	-	-
Disbursement Ratio (%) ^b	-	-	-
Net Transfer of Resources (US\$ m)			
1998	-	-	-
1999	-	2.8	2.8
2000	-	(0.02)	(0.02)
2001	-	1.1	1.1
2002	-	(0.04)	(0.04)

ADF = Asian Development Fund, OCR = ordinary capital resources.

^a Includes one ongoing loan.

^b Ratio of disbursements during the year over the undisbursed net loan balances at the beginning of the year less cancellations during the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

Source: Asian Development Bank Project Coordination and Procurement Division.

Table A2.9: Portfolio Indicators—Evaluation Rating by Sector
(as of 31 January 2003)

Sector	Highly Successful		Successful		Partly Successful		Unsuccessful		No Rating		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources												
Energy												
Finance												
Industry and Nonfuel Minerals												
Multisector												
Others												
Social Infrastructure			1	100.0							1	100.0
Transport and Communications												
Total			1	100.0							1	100.0

Source: Asian Development Bank Project Coordination and Procurement Division.

Table A2.10: Portfolio Implementation Status
(public sector loans, as of 31 December 2002)

No.	Sector	Loan		Net Loan Amount		Approval Effectivity		Closing Date		Progress (% complete)
		No.	Seg. Title	OCR (US\$ million)	ADF (US\$ million)	Date	Date	Original	Revised	
1.	SOC	1921	Maritime Training Project	-	1.9	16 Oct 02	-	30 Jun 05	-	0%
Total				-	1.9					

ADF = Asian Development Fund, OCR = ordinary capital resources, Seg = segment (pertaining to loans with more than one withdrawal authority), SOC = social infrastructure.

Source: Asian Development Bank Project Coordination and Procurement Division.

No.	Sector	Loan		Cumulative Contracts/ Commitments (US\$ million)	Cumulative Disbursements (US\$ million)	Rating		Potential Problem ^a	At Risk ^b
		No.	Seg. Title			IP	DO		
1.	SOC	1921	Maritime Training Project	-	-	S	S	No	No
Total				-	-				

DO = development objectives, HS = highly satisfactory, IP = implementation progress, PS = partly satisfactory, S = satisfactory, U = unsatisfactory.

^a "Yes" for loans with four or more risk factors associated with partly satisfactory or unsatisfactory performance.

^b A loan is considered "at risk" if it is rated as "PS" or "U" in either implementation progress or development objectives, or if it is a potential problem loan.

Source: Asian Development Bank Project Coordination and Procurement Division.

Table A2.11: Assistance Pipeline for Lending Products, 2003–2006

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (US\$ million)			Cofi- nancing
						ADB		Gov't	
						OCR	ADF		
2003 Firm Loan									
2003 Standby Loan									
2004 Firm Loan									
2004 Standby Loan									
2005 Firm Loan									
Human and Social Development									
Support to Secondary Education Programming	PI	HD/GD	PAHQ	2005	2.5		2.0	2.0	0.5
2006 Firm Loan									
2006 Standby Loan									

ADB = Asian Development Bank, ADF = Asian Development Fund, GD = gender and development, HD = human development, OCR = ordinary capital resources, PAHQ = Pacific Operations Division, PI = poverty intervention.
Source: Asian Development Bank estimates.

Table A2.12: Assistance Pipeline for Nonlending Products and Services, 2003–2006

Year/Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (US\$)
			ADB		Others		
			Source	Amount (US\$)	Source	Amount (US\$)	
2003							
Governance							
Improving Public Finance Management and Accountability	PARD	ADTA	TASF	150,000			150,000
Human and Social Development							
Effective Waste Management and Recycling	PARD	ADTA	TASF	150,000			150,000
Total							300,000
2004							
Human and Social Development							
Support to Secondary Education Programming	PARD	PPTA	TASF	300,000			300,000
Total							300,000
2005							
Human and Social Development							
Water, Sanitation and Waste Management	PARD	ADTA	TASF	300,000			300,000
Total							300,000
2006							
Governance							
Improving Governance of State-Owned Enterprises	PARD	ADTA	TASF	300,000			300,000
Total							300,000

ADB = Asian Development Bank, ADTA = advisory technical assistance, PARD = Pacific Department, PPTA = project preparation technical assistance, TASF = Technical Assistance Special Fund.

Source: Asian Development Bank estimates.

Table A2.13: Lending Scenarios and Performance Triggers

Low Case	Base Case	High Case
<p>Macroeconomic</p> <ul style="list-style-type: none"> The National Summit to develop the new NSDS for 2004–2007 is held without any further delay and the draft NSDS for 2004–2007 is prepared Budget guidelines for budget cycle have been prepared 	<p>Macroeconomic</p> <ul style="list-style-type: none"> The NSDS for 2004–2007 is finalized Budget guidelines and timeframe for budget cycle have been prepared 	<p>Macroeconomic</p> <ul style="list-style-type: none"> The NSDS for 2004–2007 is endorsed and published Budget guidelines and timeframe for budget cycle have been prepared and implemented
<p>Reforms/Governance</p> <ul style="list-style-type: none"> The Government financial statement for 2000 is audited Financial management information system in the MFEPI remains unchanged 	<p>Reforms/Governance</p> <ul style="list-style-type: none"> The Government financial statements for 2000–2002 are audited Financial management information system in the MFEPI is improved with frequency and timeliness of financial reports 	<p>Reforms/Governance</p> <ul style="list-style-type: none"> The Government financial statements for 2000–2002 are audited and submitted to Parliament for approval Uniform/integrated basic financial management information systems adopted by MFEPI and at least by another ministry
<p>Sector-Specific</p> <ul style="list-style-type: none"> TMTI fails to maintain the IMO conditions for being on the White List 	<p>Sector-Specific</p> <ul style="list-style-type: none"> TMTI meets at least 2/3 of the IMO standards 	<p>Sector-Specific</p> <ul style="list-style-type: none"> TMTI meets all of the IMO standards
<p>Portfolio</p> <ul style="list-style-type: none"> Government counterpart funds for TMTI Project are not in budget Less than 2/3 of the ongoing TAs in the portfolio are rated as satisfactory or highly satisfactory 	<p>Portfolio</p> <ul style="list-style-type: none"> Government counterpart funds for TMTI are budgeted and partially released as per loan agreement At least 2/3 of the ongoing TAs in the portfolio are rated as satisfactory or highly satisfactory 	<p>Portfolio</p> <ul style="list-style-type: none"> Government counterpart funds for TMTI are budgeted and released in full as per loan agreement All of the ongoing TAs in the portfolio are rated as satisfactory or highly satisfactory

IMO = International Maritime Organization, MFEPI = Ministry of Finance, Economic Planning, and Industries, NDS = National Development Strategy, NSDS = National Sustainable Development Strategy, SOE = state-owned enterprise, TA = technical assistance, TMTI = Tuvalu Maritime Training Institute.

CONCEPT PAPERS FOR LENDING PRODUCTS

This appendix contains the concept papers for the following lending products.

- (i) Table A3.1: Support to Secondary Education Programming

Table A3.1: Support to Secondary Education Programming

Date: 31 March 2003

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Human and Social Development Subsector: Education</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: PAHQ/PARD</p>										
<p>5. Responsible ADB officer(s): Umaporn Wongwatanasin</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: The Government of Tuvalu has undertaken a roundtable meeting of donors presenting projects identified by stakeholders. This project was one of the projects identified by stakeholders during a National Education Forum. The proposed loan and its associated PPTA fit and are directly linked to the ADB's key strategies for the country on enhancing human and social development through skills development and assistance to improve effectiveness of use of resources in the education sector. In addition, the proposed loan and its associated PPTA would minimize coordination problems and lead to significant improvement in the delivery of education services with resultant improvements in the quality of the education.</p> <p>b. Goal and purpose: Within Motufoua Secondary School (MSS), the only public secondary school, the quality of education has deteriorated and no credible alternative (technical/vocational program) was developed to cater to nonacademic students. The loan will assist the Government to establish a senior secondary school through the upgrade of MSS to accommodate Forms 5-7 and technical and vocational education, renew and reform its curriculum to improve the quality of the education with measurable learning outcomes, and cater to students with strengths outside the traditional academic areas.</p> <p>c. Components and outputs: Expansion of facilities at MSS to cater to Form 7 and vocational education at</p>										

secondary level. Curriculum to cater to the expansion of the school to Form 7 and to vocational education as well as to renew and reform its curriculum to improve students' performances with measurable learning outcomes.

d. Expected results and deliverables: Improved and expanded senior secondary school facilities. Improved quality of the education at senior secondary school level. Senior secondary school curriculum with vocational education options.

e. Social or environmental issues or concerns: There are positive social expectations in the proposed program for senior secondary education and vocational aspects of the loan. There is an environmental impact so any construction will be subject to an environmental impact assessment.

f. Plans for disseminating results/deliverables: To be determined

7. Proposed executing/implementing agencies: Ministry of Education and Sports

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The result of consultation during CSP update and the result of the Government Round Table Meeting based on extensive consultations with stakeholders in the education system in Tuvalu.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP update: 2003
- b. Expected date of submission for approval
 - Lending: 2005
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory):
- c. Period and duration of assistance
 - Lending: 36 months, 2005-2007
 - Nonlending:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund: US\$2.0 million
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, MSS = Motufoua Secondary School, PAHQ = Pacific Operation Division, PARD = Pacific Department, PPTA = project preparatory technical assistance, TA = technical assistance.

CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

This appendix contains the concept papers for projected nonlending products.

- (i) Table A4.1: Improving Public Finance Management and Accountability
- (ii) Table A4.2: Effective Waste Management and Recycling
- (iii) Table A4.3: Support to Secondary Education Programming
- (iv) Table A4.4: Water, Sanitation and Waste Management
- (v) Table A4.5: Improving Governance of State-Owned Enterprises

Table A4.1: Improving Public Financial Management and Accountability

Date: 31 March 2003

1. Type/modality of assistance <input type="checkbox"/> Lending <input type="checkbox"/> Project loan <input type="checkbox"/> Program loan <input type="checkbox"/> Sector loan <input type="checkbox"/> Sector development program loan <input type="checkbox"/> Other: <input checked="" type="checkbox"/> Nonlending <input type="checkbox"/> Project preparatory <input checked="" type="checkbox"/> Other than project preparatory <input checked="" type="checkbox"/> Economic, thematic, and sector work <input type="checkbox"/> Institutional development <input type="checkbox"/> Other:		
2. Assistance Focus <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Finance and Industry Subsector: Public Financial Management and Judicial and Legal Reforms</p> <p>b. For project preparatory and lending, classification <input type="checkbox"/> Core poverty intervention <input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s) <input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: <input type="checkbox"/> Human development <input checked="" type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection</p>		
3. Coverage <input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional <input type="checkbox"/> Internal policy development		
4. Responsible division/department: PARD/PAHQ		
5. Responsible ADB officer(s): Umaporn Wongwatanasin		
6. Description of assistance(s) <p>a. Background/linkage to country/regional strategy: The Asian Development Bank (ADB) provided assistance to the Ministry of Finance, Economic Planning, and Industries (MFEPI) to help establish the current performance budgeting process under TA 2628-TUV: <i>Strengthening Economic and Financial Management</i>. The introduction of output budgeting was a condition of the Island Development Program Loan. After 3 years without additional assistance, this process needs to be consolidated and integrated with other components of the financial management system including the accounting system and tax regime. A 2-month TA funded under TA 3221-TUV: <i>Island Development Program Implementation</i> will identify specific tasks to consolidate internal financial management and accounting systems within the MFEPI in line with country strategy priority on governance.</p> <p>b. Goal and purpose: To improve government financial management to conform to internationally accepted standards mindful of the capacity constraints small island states. The overarching objectives of the TA will be to promote transparency, accountability and cost effectiveness of public sector financial management, integrate the accounting and budget systems, and increase the efficiency of the taxation system.</p> <p>c. Components and outputs: Introduction of an accounting system integrated with the government budget.</p>		

Implementation of a simple medium-term budgeting system complemented by reporting, monitoring and evaluation systems providing timely and accurate picture of the government's budget and financial position, especially for audit purposes. Review of Government financial instructions and financial documentation to comply with accepted international standards of accountability and transparency. Review of tax policy and legislation to look at the efficiency of revenue generation and structure, mindful of the need to maintain a progressive system.

d. Expected results and deliverables: A simple and clear budget financial management system that provides the necessary information for policy development and public scrutiny of government financial operations. A revised and updated set of financial instructions, including a revised tax regime of increased efficiency and fairness.

e. Social or environmental issues or concerns: Increased transparency in the budget should foster improved public scrutiny of the budget and improved scrutiny of social spending in the education and health sectors. Complementary public education on budget scrutiny should be considered. A fairer tax system with more progressiveness should relieve burdens on low-income earners as the efficiency of the tax system improves.

f. Plans for disseminating results/deliverables: A realistic, appropriately sequenced, and successfully implemented plan is likely to be useful to other small island states.

7. Proposed executing/implementing agencies: Ministry of Finance, Economic Planning, and Industries

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Minister and staff of MFEPI identified many of the issues requiring action. Request for assistance was made in early 2003 and reconfirmed in a programming mission in March–April 2003.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP update: 2003
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): 2003
- c. Period and duration of assistance
 - Lending:
 - Nonlending: 24 months, 2003-2005

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund:
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds: US\$150,000
 - Other :

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, MFEPI = Ministry of Finance, Economic Planning and Industries, PAHQ = Pacific Operation Division, PARD = Pacific Department, TA = technical assistance.

Table 4.2: Effective Waste Management and Recycling

Date: 31 March 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Human and Social Development Subsector: Sanitation and Environment</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: PAHQ/PARD</p>										
<p>5. Responsible ADB officer(s): Umaporn Wongwatanasin</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: The TA is directly linked to ADB's key strategies for the country on enhancing human and social development through assistance to improve capacity for sound water and waste management, and health and environmental awareness. The treatment of wastes is a problem in urban and overcrowding environments and special environments and small islands like Tuvalu—especially in overpopulated areas such as Funafuti, the capital of Tuvalu. With high internal urban migration to the island of Funafuti as people seek employment, about half (4,432) of the total population of Tuvalu live on Funafuti. Growing population pressures and increased consumption threaten already contaminated groundwater resources and damaged lagoon and environmental quality.</p> <p>The main health problem is due to the ineffective treatment of human and animal waste. Both directly impact the environment. The former impacts the groundwater due to leacheates from septic tank overflows percolating down and reaching the groundwater lenses; the later directly impacts surface water bodies and affects the natural odor of environmental air. In addition, the projected increase in sea levels will significantly increase human health risk as a result of exposure to rising groundwater lenses and unlimited contamination of groundwater from waste leacheates.</p>										

b. Goal and purpose: The overall goal of the TA is to avert indiscriminate waste disposal and to support improved awareness on sanitation and waste management on Funafuti, particularly solid waste (both organic and nonorganic waste) and liquid waste from septic tanks and domesticated animal waste.

c. Components and outputs: Improved living conditions are a key anticipated outcome. Improved and effective waste management will (i) lower the contamination rate of groundwater lenses; (ii) create useful by-products from the treatment of waste—especially organic material; (iii) eliminate foul atmospheric air odor from waste decomposition; and (iv) form a cleaner, safer, and healthier environment.

d. Expected results and deliverables: The TA is expected to improve overall waste management on the island of Funafuti by building a permanent and sustainable waste management program for Funafuti.

e. Social or environmental issues or concerns: Environmental quality improvements are an intended outcome of the project. Participatory planning and community dialogue will ensure that social development needs are also addressed.

f. Plans for disseminating results/deliverables: Project reports (Inception/Interim/Final)

7. Proposed executing/implementing agencies: Ministry of Natural Resources, Environment, and Energy

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: To be determined

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP update: 2003

b. Expected date of submission for approval
 Lending:
 Nonlending (project preparatory):
 Nonlending (other than project preparatory): 2003

c. Period and duration of assistance
 Lending:
 Nonlending: 12 months, 2003-2004

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

a. For lending
 Ordinary capital resources:
 Asian Development Fund:
 Other:

If cofinancing is required indicate sources, and amount sought:
 If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending
 No resources required, other than ADB staff
 ADB's administrative budget:
 Grant TA funds: US\$150,000
 Other (specify, e.g., bilateral and multilateral trust funds):

If cofinancing is required indicate sources, and amount sought:
 If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, PAHQ = Pacific Operation Division, PARD = Pacific Department, TA = technical assistance.

Table A4.3: Support to Secondary Education Programming

Date: 31 March 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input checked="" type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Human and Social Development Subsector: Education</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: PAHQ/PARD</p>										
<p>5. Responsible ADB officer(s): Umaporn Wongwatanasin</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: The Government of Tuvalu has held a roundtable meeting of donors presenting projects identified by stakeholders. The interventions in the education sector would benefit from a program approach of coordinated assistance helped by specialist education advice.</p> <p>b. Goal and purpose: The TA will assist the Government program its education assistance using its own resources and the resources available from development partners. The loan will also help the education sector, most likely through assistance to upgrading the national secondary school to a senior secondary school and expanding its vocations education curriculum, and improving its education quality with measurable learning outcomes.</p> <p>c. Components and outputs: Consolidation of government requests for assistance to the education sector into a program to be funded from internal and external resources. The investigation of the establishment of an education fund of resources from development partners that would be overseen by a committee chaired by a government representative, including the major contributors to the education fund. A proposal for loan assistance in the senior secondary education school, which is a priority project identified by the Government. This assistance would also assist the school to develop its vocational education curriculum and facilities, and to improve students'</p>										

performances with measurable learning outcomes.

d. Expected results and deliverables: An education program of the government-identified interventions matched with available internal and external resources. The creation of an education fund of resources to fund the program of assistance to the education sector. A proposal for loan assistance for the Support to Secondary Education Programming.

e. Social or environmental issues or concerns: Should ensure improved educational services through improved coordination of resources available to the education sector.

f. Plans for disseminating results/deliverables: The results of the program established under the TA will be disseminated to Tuvalu's development partners.

7. Proposed executing/implementing agencies: Ministry of Education and Sports

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The result of consultation during the CSP update and the result of the government roundtable meeting based on extensive consultations with stakeholders in the education system in Tuvalu.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP update: 2003
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory): 2004
 - Nonlending (other than project preparatory):
- c. Period and duration of assistance
 - Lending:
 - Nonlending: 12 months, 2004-2005

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund:
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds: US\$300,000
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, PAHQ = Pacific Operation Division, PARD = Pacific Department, TA = technical assistance.

Table 4.4 Water, Sanitation and Waste Management

Date: 31 March 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Human and Social Development Subsector: Water, Sanitation, and Environment</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: PAHQ/PARD</p>										
<p>5. Responsible ADB officer(s): Nancy Convard</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: The TA is directly linked to ADB's key strategies for the country on enhancing human and social development through assistance to improve capacity for sound water and waste management, and health and environmental awareness. Growing population pressures and increased consumption threaten already damaged water sources and environmental quality.</p> <p>b. Goal and purpose: The overall goal of the TA is to support improved water resource, awareness on sanitation, and waste management. The project will build upon the results of an ongoing regional TA for Promotion of Effective Water Management Policies and Practices (TA 6031-REG), of which Tuvalu is a focal country. The project will improve management (and planning) of (i) access and safety of water supply, (ii) sanitation plan, (iii) health and environmental awareness, and (iv) waste management.</p> <p>c. Components and outputs: Improved living conditions are a key anticipated outcome. In particular, enhanced capacity and specific capacity and associated guidelines and programs for improved water, sanitation, and waste management will be developed. The development of a Water, Sanitation, and Waste Master Plan, implementation of</p>										

cost recovery, and management of dangerous waste (e.g., hospital waste), and strengthening the Environment Unit and the Funafuti Town Council to ensure the sustainability of this assistance and the Government's own efforts at increasing resources for this sector will also be developed. Specific components and outputs will be determined through further dialogue with the Government and other stakeholders.

d. Expected results and deliverables: The TA is expected to produce a Water, Sanitation, and Waste Master Plan and implementable plans and guidelines to protect water resources, upgrade existing community and individual water systems, increase health and environmental awareness, and improve waste management.

e. Social or environmental issues or concerns: Environmental quality improvements are an intended outcome of the project. Participatory planning and community dialogue will ensure that social development needs are also addressed.

f. Plans for disseminating results/deliverables: Project reports (inception/interim/final)

7. Proposed executing/implementing agencies: Ministry of Natural Resources, Environment, and Energy

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: To be determined

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP update: 2003
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): 2005
- c. Period and duration of assistance
 - Lending:
 - Nonlending: 12 months, 2005-2006

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund:
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds: US\$300,000
 - Other (specify, e.g., bilateral and multilateral trust funds):

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, PAHQ = Pacific Operation Division, PARD = Pacific Department, REG = regional, TA = technical assistance.

Table A4.5 Improving Governance of State-Owned Enterprises

Date: 31 March 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Governance Subsector: Corporate Governance</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
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<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: PAHQ/PARD</p>										
<p>5. Responsible ADB officer(s): Umaporn Wongwatanasin</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Under the ADB-financed Island Development Program Loan, corporatization of the Interisland Shipping Services and the Tuvalu Maritime Training Institute were conditions for second tranche release. UNDP concurrently had a public sector reform program focusing on accountability and commercialization or privatizing of government enterprises. However, the Government's support for the public sector reforms has been waning, resulting in inferior management of most of the state-owned enterprises (SOEs). Some SOEs have suffered due to inability to secure payment for services from the Government and to operate with the necessary autonomy free from the intense scrutiny of the Government. The focus of the SOE sector is now on improving corporate governance of the SOEs, with the ultimate purpose of increasing productive resource use. Corporatization formally separates and clarifies the roles of owner and manager, but the granting of autonomy to the manager of a public corporation must be matched by effective control, monitoring, and reporting mechanisms that make enterprise management accountable. Additionally, SOE management itself must be improved through a transparent selection process, training, and a focus on performance. Respectively, the Government must recognize the autonomy of the board and management of SOEs if the SOEs are to operate along commercial lines and improve resource use.</p>										

b. Goal and purpose: The TA will conduct an in-depth analysis of SOEs with the aim of identifying the key areas to strengthen corporate governance, most notably the issue of accountability. In addition, the issue of board members and control, and the potential lack of qualified and experienced key staff, will be analyzed.

c. Components and outputs: The TA will encompass all issues and problems relating to corporatization. The output will be a report with clear and appropriate recommendations and guidelines to the Government on a strategy to improve performance, and to efficiently and cost-effectively manage the SOEs.

d. Expected results and deliverables: Improvement in the SOE service delivery

e. Social or environmental issues or concerns: No adverse social or environmental impact is foreseen.

f. Plans for disseminating results/deliverables: Workshops with key Government ministries as well as the private sector

7. Proposed executing/implementing agencies: Ministry of Finance, Economic Planning, and Industries

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: All 10, 100% SOEs will be analyzed in-depth as well as the corresponding ministries.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP update: 2002

b. Expected date of submission for approval

Lending:

Nonlending (project preparatory):

Nonlending (other than project preparatory): 2006

c. Period and duration of assistance

Lending:

Nonlending: 18 months, 2006-2007

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

a. For lending

Ordinary capital resources:

Asian Development Fund:

Other:

b. For nonlending

No resources required, other than ADB staff

ADB's administrative budget:

Grant TA funds: US\$300,000

Other (specify, e.g., bilateral and multilateral trust funds):

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, PAHQ = Pacific Operation Division, PARD = Pacific Department, SOEs = state-owned enterprises, TA = technical assistance, UNDP = United Nations Development Programme.